<u>Summary of the *Reciprocal Market Access Act*, Introduced by Sen. Sherrod Brown</u>

American manufacturers of products ranging from optical fiber to autos and agriculture face constant barriers accessing overseas markets. Unfortunately, rather than create opportunities for U.S. businesses, our trade policies often open our own markets to foreign competitors without addressing both the tariff and non-tariff barriers that deny U.S. companies access to foreign markets.

We must provide our trade negotiators with unequivocal guidance and tools so that they do not relinquish our domestic trade positions without gaining meaningful market access for American manufacturers in exchange. Unless other governments play by the rules and remove barriers to our exports, the U.S. should not acquiesce to their demands by further opening our market – already the most open market in the global economy. Unilateral disarmament in the face of foreign protectionist practices is unacceptable, and we must ensure that our trade negotiators do not undermine our industries and our workers.

The Reciprocal Market Access Act would instruct our trade negotiators to eliminate foreign market barriers before reducing U.S. tariffs. This bill would also provide enforcement authority to reinstate the tariff if the foreign government does not honor its commitment to remove its barriers. And finally, the legislation instructs the International Trade Commission to conduct an assessment of the impact of a prospective trade agreement on market opportunities and barriers for U.S. products or services that will be impacted by the trade agreement.

Securing Reciprocal Market Access for U.S. Manufacturers

<u>Background and Rationale</u>

The U.S. industry faces significant non-tariff barriers ("NTBs") in key markets, preventing fair market access. These NTBs (see below) deny U.S. manufacturers current and future export opportunities. Eliminating the U.S. tariffs without securing elimination of NTBs is equivalent to unilateral disarmament – giving full advantage to our competitors, while allowing them to protect their home markets.

Under the current Doha negotiation process, tariff and non-tariff barriers are largely separate and self-contained, meaning that tradeoffs are tariff-for-tariff and non-tariff-for-non-tariff. The tariff cutting negotiation process does not provide the United States Trade Representative (USTR) the flexibility needed to exclude sectors that do not receive mutually beneficial trade concessions.

As a result, a tariff can be reduced or eliminated without securing the elimination of the real barrier or barriers that deny market access to U.S. manufacturers' exports. This compartmentalization can undermine the limited leverage the U.S. has to secure market access. It is essential that we obtain meaningful market access in key markets. Without meaningful access, confidence in U.S. trade policy will continue to erode.

This legislation provides additional leverage for USTR and is designed to ensure that negotiations fully address the market access problems faced by U.S. producers.

Reciprocal Market Access Legislation

Summary of Bill:

- The legislation is designed to ensure that our trade negotiations achieve real and meaningful market access for our producers.

- Authority to receive or eliminate tariffs in trade agreements is tied to achieving meaningful market access for U.S. domestic producers that have identified and worked with the U.S. government to address those barriers.

- To better ensure meaningful market access, the bill requires that the President provide a certification to the Congress in advance of agreeing to a modification of any existing duty on any product, that sectoral reciprocal market access has been obtained.

- This will enhance the partnership with Congress and achieve reciprocal market access.

- It gives the government the automatic negotiated right to revoke concessions to cut tariffs if our trading partners don't implement the commitments they made to open up their markets.

- This authority, known as "snap back" authority, could be triggered by a private sector or Congressional request. The goal – and the result – will be reciprocal market access for our nation's products.

- Instructs the International Trade Commission to conduct an assessment of the impact of a prospective trade agreement on market opportunities and barriers for U.S. products or services that will be impacted by the trade agreement. This report will be submitted to Congress, USTR, and the Commerce Department no later than 45 days prior to the beginning of negotiations.